

February 24, 2012

To: Executive Board

Subject: **January Financial Statements and Investment Summary**

Recommendation

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2012.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the first seven months of the fiscal year ending June 30, 2012.

Foothill Transit's cash position of \$63.0 million is \$500,000 less than the previous month. This decrease of cash is the net change between the uses of cash and sources of cash. Uses of cash include an increase in amounts due from governmental agencies of \$388,500, an increase in account receivable of \$250,000, and a decrease in accounts payable of \$450,000. Sources of cash include excess operating revenues over expenditures of \$600,000.

January 2012 fare revenues were \$1.42 million, which were \$20,000 less than December revenues and 6.34 percent more than the monthly budgeted amount. This is a continuation of the trend established in the prior fiscal year even though budgeted FY 2012 fare revenue estimates were approximately ten percent higher than FY 2011 levels. Ridership has remained relatively flat for more than a year, very similar to the economy. This continues to be good news; the economy may be stabilizing with hopes of future improvements.

Operating costs through January were \$35.66 million, which is \$3.5 million less than the budget. These costs are \$1.1 million or three percent higher than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of January 31, 2012 shows total assets at \$219.0 million. This total consists primarily of \$147.5 million in fixed assets and \$63.0 million in cash and investments. The cash and investments balance includes \$5.0 million invested in the Local Agency Investment Fund (LAIF); \$17.1 million in non-interest bearing accounts held with Bank of the West; \$26.8 million in an interest bearing account with Bank of the West; \$5.2 million with Chase; \$4.0 million with Bank of the West and \$2.9 million with

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Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of January 2012 was 0.385 percent; slightly more than the previous month's rate of 0.382 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in more than two years, LAIF interest rates have continued a downward trend with small increases from time to time.

Liabilities

The accounts payable balance is \$6.3 million. \$3.6 million of this amount represents the amount due and payable to the contractors for December and January services. Other amounts payable include fuel costs of \$476,000, \$427,000 due Metro for stored value sales and \$50,000 for the Monrovia Dial-A-Ride.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

January 2012 fare revenue of \$1.48 million was 1.27 percent less than the monthly budgeted amount and \$20,000 less than the previous month. Year-to-date average monthly revenues through January are \$1.5 million which is \$32,700 or 2.26 percent more than the prior year monthly average. January revenues are 1.27 percent less than the amount budgeted and \$30,000 more than the prior fiscal year monthly average of \$1.45 million. These could be indicators that the economy is neither improving nor weakening, even though recent indicators have indicated everything but a stable economy.

State and Local Funding Subsidies of \$31.7 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 6.47 percent more than planned for in the budget. The major factor contributing to this increase was the Measure R funding. Foothill Transit has sufficient funds to meet all of its obligations.

Expenses

January year to date operating expenses were \$35.6 million, compared with the budget of \$39.2 million. This difference of approximately \$3.5 million resulted in an 8.97 percent

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favorable variance. The majority of this favorable variance is the result of lower than budgeted service cost of \$1.4 million and fuel cost savings of \$1.3 million, with the balance spread over several departments and not attributable to any one account. It should be noted that the January 2012 year-to-date expenses of \$35.6 million are \$1.0 million more than the prior fiscal year.

Farebox Recovery Ratio

The January 2012 year-to-date farebox recovery ratio was 29.04 percent; 3.08 percent more than the performance target of 25.96 percent. The farebox recovery ratio was derived by dividing the total fare revenue (adjusted for the EZ Transit Pass revenue) figure of \$10,353,498 by the total operating expense figure of \$35,657,041. This ratio has decreased 0.22 percent from the December 2011 figure of 29.26 percent.

Sincerely,



Richard Hasenohrl
Director of Finance



Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of January 31, 2012

Assets

Current Assets:

Cash	\$ 43,913,605
Investments	19,153,465
Due from government agencies	6,184,429
Other receivables	1,901,440
Other assets	307,795
Total Current Assets	<u>71,460,734</u>
Property & Equipment (net of depreciation)	147,541,802
Total Assets	<u><u>\$ 219,002,537</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,277,646
Current portion of long term debt	1,000,000
Deferred Revenue	<u>34,321,687</u>
Total Liabilities	<u>41,599,333</u>

Equity

Investment in Fixed Assets (net):

Fund Balance:	<u>177,403,204</u>
Total Equity	<u>177,403,204</u>
Total Liabilities and Equity	<u><u>\$ 219,002,537</u></u>

Summary of Cash and
Investment Account
For January 31, 2012

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$16,456,057	\$16,456,057
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market	0.150%	Demand Deposit	10,019,192	10,019,192
Bank of the West-Money Market	0.250%	Demand Deposit	4,503,444	4,503,444
Bank of the West-Money Market	0.250%	Demand Deposit	4,900,544	4,900,544
Bank of the West-Excise Tax	N/A	Demand Deposit	7,374,259	7,374,259
Bank of the West-CTAF ³ Fund	0.750%	Demand Deposit	658,210	658,210
Subtotal Cash on Hand			43,913,605	43,913,605
Unrestricted Investments:				
Chase Business Saving	0.500%	Demand Deposit	5,155,675	5,155,675
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.175%		2,988,000	2,988,000
Treasury Bills			1,998,787	1,998,787
LAIF Investment	0.381%	Demand Deposit	5,011,003	5,011,003
Subtotal Unrestricted Investments			19,153,465	19,153,465
Total Cash and Investments			<u>\$63,067,070</u>	<u>\$63,067,070</u>

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended January 31 2012

	Actual January-12	Budget January-12	Variance Favorable (Unfavorable)	Actual January-11
Operating Revenue				
Farebox	\$6,590,361	\$6,836,433	(3.60%)	\$6,279,703
Pass Sales	1,806,569	1,550,733	16.50%	1,713,942
TAP Cash Purse	1,164,493	829,850	40.33%	1,331,165
MetroLink	29,437	15,458	90.43%	17,005
EZ Transit Pass	1,104,638	825,650	33.79%	696,466
Total Operating Revenue	10,695,498	10,058,125	6.34%	10,038,281
Non-Operating Revenue				
FTA Sec 5307 Operating	1,311,569			1,986,602
FTA Sec 5307 ARRA				397,988
Transportation Development Act (TDA)	10,169,572	12,668,367	(19.72%)	8,151,215
STA	1,922,466	1,895,833	1.40%	5,280,754
Prop A 40% Discretionary	7,824,959	7,000,000	11.79%	7,432,125
Prop A & C Interest				(10,918)
Prop A 40% BSCP	2,214,793	1,691,667	30.92%	1,227,164
Prop C Base Restructuring	1,035,846	991,667	4.46%	1,015,637
Prop C BSIP	482,261	473,083	1.94%	472,850
Prop C Transit Service Expansion	172,615	169,167	2.04%	169,246
Transit Security-Operating	360,304	350,000	2.94%	317,193
Measure R Operating	5,121,284	3,669,167	39.58%	4,322,891
Excise Tax Credit				
Gain on Sale of Fixed Assets				
ARRA				
Auxiliary Revenue	1,096,420	875,000	25.31%	990,555
Total Non-Operating Revenue	31,712,090	29,783,951	6.47%	31,753,302
Total Revenue	42,407,587	39,842,076	6.44%	41,791,583
Available Capital Funding				
Capital Grants	4,454,611			13,749,144
Other				
Total Revenue and Capital Funding	46,862,199	39,842,076		55,540,727
OPERATING EXPENSES				
Operations	29,817,014	32,767,408	9.00%	29,356,054
Marketing and Communications	836,477	930,125	10.07%	711,103
Information Technology	932,130	1,014,417	8.11%	730,409
Administration	753,948	1,037,196	27.31%	1,102,814
Procurement	566,589	372,079	(52.28%)	
Sales and Service	1,010,088	1,019,900	0.96%	964,677
Finance	714,171	737,450	3.16%	598,075
Safety and Security	383,908	468,417	18.04%	364,238
Planning	290,293	400,517	27.52%	324,755
Building Management	352,423	423,733	16.83%	447,116
Total Operating Expenses	35,657,041	39,171,242	8.97%	34,599,241
Capital and Other Expenses				
Capital	4,471,051		N/A	13,806,314
Interest			N/A	
Dial-A-Ride	420,265		N/A	339,965
Special Services	100,078		N/A	197,317
Other Misc. expense	99,694		N/A	23,969
Total Capital and Other Expenditures	5,091,088		N/A	14,367,564
Increase (Decrease) of Revenues Over Expenditures	\$ 6,114,070			\$ 6,573,921